

## Message Text

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ACTION EB-07

INFO OCT-01 AF-10 ARA-10 EUR-12 EA-09 NEA-10 IO-13  
ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00 AGRE-00  
CEA-01 CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07  
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-02 EPG-02  
AID-05 SS-15 STR-04 ITC-01 TRSE-00 PRS-01 SP-02  
FEAE-00 OMB-01 /133 W  
-----111505Z 016070 /53

O R 111243Z MAY 77

FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 7238

INFO ALL EC CAPTIALS

AMEMBASSY ABIDJAN

AMEMBASSY ANTANARIVO

AMEMBASSY ASUNCION

AMEMBASSY BANGKOK

AMEMBASSY BERN

AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY BRIDGETOWN

AMEMBASSY BEUNOS AIRES

AMEMBASSY CANBERRA

AMEMBASSY CARACAS

AMEMBASSY DACCA

AMEMBASSY GEORGETOWN

AMEMBASSY GUATEMALA

AMEMBASSY HELSINKI

AMEMBASSY KHARTOUM

AMEMBASSY KINGSTON

AMEMBASSY KINSHASA

AMEMBASSY LA PAZ

AMEMBASSY LILONGWE

AMEMBASSY LIMA

AMEMBASSY LISBON

AMEMBASSY MADRID

AMEMBASSY MANAGUA

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AMEMBASSY MANILA

AMEMBASSY MAPUTO

AMEMBASSY MBABANE

AMEMBASSY MEXICO

AMEMBASSY MOGADISCIO

AMEMBASSY MONTEVIDEO

AMEMBASSY MOSCOW

AMEMBASSY NEW DELHI  
AMEMBASSY OTTAWA  
AMEMBASSY PANAMA  
AMEMBASSY PORT LOUIS  
AMEMBASSY PORT OF SPAIN  
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AMCONSUL BELIZE  
AMCONSUL CALI  
AMCONSUL CAPTETOWN  
AMCONSUL DURBAN  
AMCONSUL GUAYAQUIL  
AMCONSUL RIO DE JANEIRO  
AMCONSUL SAO PAULO  
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USUN NEW YORK 4787-4788

UNCLAS SECTION 1 OF 2 GENEVA 3600

E.O. 11652: N/A

TAGS: UNCTAD ETRD

SUBJECT: SUGAR NEGOTIATIONS: U.S. STABILIZATION FUND PROPOSAL

REF: GENEVA 3596

1. FOLLOWING IS THE TEXT OF THE U.S. PROPOSAL FOR THE  
ESTABLISHMENT OF A JOINT IMPORTER/EXPORTER  
FINANCED SUGAR STABILIZATION FUND SUBMITTED TO THE  
SUGAR CONFERENCE MAY 10. FOR PURPOSES OF THIS ARTICLE  
X REFERS TO THE MINIMUM PRICE AND W REFERS TO A PRICE  
TO BE NEGOTIATED AT A LEVEL NOT TO EXCEED THE MINIMUM  
PRICE. THE TOTAL VALUE OF 500,000 TONS OF SUGAR WOULD  
BE ROUGHLY \$100 MILLION.

2. BEGIN TEXT.

CHAPTER (BLANK) THE SUGAR STABILIZATION FUND

ARTICLE I. ESTABLISHMENT OF THE FUND

THERE IS ESTABLISHED A SUGAR STABILIZATION FUND  
UNDER THE DIRECTION OF THE COUNCIL, WITH HEADQUARTERS AT  
THE SEAT OF THE INTERNATIONAL SUGAR ORGANIZATION.

ARTICLE II. PURPOSE OF THE FUND

THE PURPOSE OF THE FUND SHALL BE TO ASSIST  
EXPORTING MEMBERS TO MEET THEIR SPECIAL STOCKING OBLIGATIONS  
UNDER ARTICLE 41 (BIS).

ARTICLE III. THE MANAGER OF THE FUND

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THE COUNCIL SHALL APPOINT A MANAGER OF THE FUND, WHO  
SHALL BE RESPONSIBLE FOR THE DAY TO DAY OPERATION OF THE FUND.  
THE MANAGER MAY, WITH THE APPROVAL OF THE COUNCIL, APPOINT  
SUCH TECHNICAL STAFF AS ARE NECESSARY TO ASSIST HIM.

ARTICLE IV RESOURCES OF THE FUND

A. IMPORTING MEMBERS WHOSE PER CAPITA GROSS NATIONAL PRODUCTS  
EXCEED 600 DOLLARS SHALL CONTRIBUTE TO THE FUND (THE COST  
EQUIVALENT OF 500,000 TONNES OF SUGAR VALUED AT W CENTS/LB)  
APPORTIONED AMONG THEM ACCORDING TO THEIR VOTES DETERMINED  
UNDER ARTICLE 10. SUCH CONTRIBUTIONS, IN THE FORM OF FREELY  
CONVERTIBLE CURRENCY OR NOTES PAYABLE ON DEMAND IN FREELY  
CONVERTIBLE CURRENCY, SHALL BE DUE WITHIN (BLANK) AFTER  
ENTRY INTO FORCE OF THE AGREEMENT.

B. EXPORTING MEMBERS SHALL CONTRIBUTE TO THE FUND (THE CASH  
EQUIVALENT OF 500,000 TONS OF SUGAR VALUED AT W CENTS PER  
POUND), APPORTIONED AMONG THEM IN ACCORDANCE WITH THEIR BASIC  
EXPORT SHARES DETERMINED UNDER ARTICLE 32. SUCH CONTRIBUTIONS,  
IN THE FORM OF FREELY CONVERTIBLE CURRENCY OR NOTES PAYABLE  
ON DEMAND IN FREELY CONVERTIBLE CURRENCY, SHALL BE DUE WITHIN  
(BLANK) AFTER ENTRY INTO FORCE OF THE AGREEMENT OR  
WITHIN (BLANK DAYS) AFTER ENTRY INTO FORCE OF THE AGREEMENT OR  
WITHIN (BLANK DAYS) AFTER THE PREVAILING PRICE FIRST EXCEEDS  
X PLUS 4 CENTS PER POUND, WHICHEVER IS THE LATER DATE.

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-----111505Z 016720 /53

O R 111350Z MAY 77

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C. THE FUND MAY INCREASE ITS RESOURCES THROUGH SUPPLEMENTARY CONTRIBUTIONS FROM ANY SOURCE, THROUGH INVESTMENT OF ANY FUNDS SURPLUS TO IMMEDIATE NEEDS, AND THROUGH BORROWING FROM PUBLIC AND PRIVATE SOURCES. ANY SUCH INVESTMENT OR BORROWING SHALL BE APPROVED BY THE COUNCIL.

D. INTEREST ON LOANS MADE BY HE FUND OR ON ANY INVESTMENT OF SURPLUS FUNDS SHALL BE ADDED TO THE RESOURCES OF THE FUND, UNLESS THE COUNCIL DECIDES TO REDISTRIBUTE SUCH AMOUNTS TO MEMBERS IN PROPORTION TO THEIR CONTRIBUTIONS TO GHE FUND.

ARTICLE V LENDIN BY THE FUND

A. LOANS FROM THE FUND SHALL BE MADE AVAILABLE ONLY FOR THE PURPOSE OF ASSISTING EXPORTING MEMBERS TO FINANCE SPECIAL STOCKS IN PROPORTION TO THEIR SPECIAL STOCKING OBLIGATIONS UNDER ARTICLE 41 (BIS).

B. LOANS SHALL BE MADE ONLY IF NEGOTIABLE WARHOUSE RECEIPTS FOR SUGAR IN SPECIAL STOCKS, AS PROVIDED FOR IN ARTICLE 41 (TER), ARE PROVIDED TO THE FUND AS COLLATERAL FOR THE FULL PRINCIPAL AMOUNT OF THE LOAN, VALUING SUCH COLLATERAL AT NOT MORE THAN THE MINIMUM PRICE.

C. ALL LOANS SHALL BE SUBJECT TO REPAYMENT ON DEMAND WHENEVER THE PREVAILING PRICE IS AT OR ABOVE X PLUS 4, PROVIDED THAT ANY OUTSTANDING BALANCE, INCLUDING INTEREST DUE, SHALL BE IMMEDIATELY REPAYED TO THE FUND WHENEVER THE PREVAILING PRICE IS AT X PLUS 8 OR ABOVE.

D. THE RATE OF INTEREST CHARGED ON LOANS FROM THE FUND SHALL BE SUCH AS TO ASSURE THAT THE FUND IS SELF-SUSTAINING WITHOUT UNCLASSIFIED

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ADDITIONAL CONTRIBUTIONS. SUCH RATE OF INTEREST SHALL IN NO EVENT EXCEED THE PREVAILING COMMERCIAL RATE.END TEXT.  
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## Message Attributes

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**TAGS:** ETRD, US, UNCTAD  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
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22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009